



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:**

Layoff Equalization Agreement By and Between City of Lodi and Turlock Irrigation District in Support of the 1998 Hydroelectric and Geothermal Revenue Refunding Bonds of the Northern California Power Agency (NCPA)

**MEETING DATE:**

June 3, 1998

**SUBMITTED BY:**

Electric Utility Director

**RECOMMENDED ACTION:**

That the City Council authorize the City Manager to execute the attached agreement by and between City of Lodi and Turlock Irrigation District (TID).

**BACKGROUND INFORMATION:**

Several Northern California Power Agency (NCPA) members, such as Lodi, entered into short-term, partial layoffs of Geothermal Project entitlements to TID. The NCPA Geothermal / Hydroelectric debt restructuring will shorten the

effective term and raise the annual amount of Geothermal debt service payments. This action negatively impacts TID by bringing forward additional debt service payments that would otherwise have been paid by the other members in the future.

To resolve this inequity, a layoff adjustment allocation has been developed by NCPA and the affected members. The estimated amount for the City of Lodi's share is \$41,420. This amount may change somewhat when debt restructuring interest costs are finalized.

At the May 20, 1998 City Council meeting, the City Manager was authorized to approve up to \$100,000 for the above equalization payment.

Sufficient funds have been set aside in the City's portion of the NCPA General Operating Reserve.

**FUNDING:** City of Lodi share of NCPA GOR: not to exceed \$100,000

Funding Available:

Ruby R. Paite for  
Vicky McAthie, Finance Director

Alan N. Vallow

Alan N. Vallow  
Electric Utility Director

Prepared by: Jack Stone, Manager Business Planning and Marketing

ANV/JS/lst

c: City Attorney  
Finance Director

Approved \_\_\_\_\_

H. Dixon Flynn  
City Manager

**LAYOFF EQUALIZATION AGREEMENT  
BY AND BETWEEN**

**CITY OF LODI  
AND  
TURLOCK IRRIGATION DISTRICT**

**IN SUPPORT OF  
THE 1998 HYDROELECTRIC AND GEOTHERMAL  
REVENUE REFUNDING BONDS  
OF THE  
NORTHERN CALIFORNIA POWER AGENCY**

This Layoff Equalization Agreement (Agreement) by and between the City of Lodi (City) and the Turlock Irrigation District (TID) is entered into as of its effective date, on the basis of the following:

**RECITALS**

- A. City and TID are members of the Northern California Power Agency (Agency) and parties to certain third phase agreements pursuant to which the Agency financed and constructed electric power generation facilities through the issuance and sale of Agency bonds.

- B. The Agency proposes to restructure the debt service schedules for its bonds which financed the construction of the Geothermal Project and the North Fork Stanislaus River Hydroelectric Development Project with its 1998 Hydroelectric and Geothermal Revenue Refunding Bonds (1998 Bonds).
- C. The "Agreement for Transfer of Rights to Capacity and Energy of Geothermal Generating Project Number 3" (Layoff Agreement), dated October 1, 1984, did not contemplate the savings that the Agency expects to achieve by restructuring the debt service schedules.
- D. City and TID intend to share the savings to be effective by the Agency by entering into this Agreement.

Now, Therefore, in consideration of the premises described in the foregoing recitals, and in consideration of the terms, covenants, and conditions described below, City and TID hereby enter into this:

### **AGREEMENT**

Section 1. Upon the closing of the sale of the 1998 Bonds, City and TID shall mutually determine the true interest cost on the hydroelectric portion of the 1998 Bonds (TIC). If the parties are unable to mutually determine the TIC, the Agency's financial advisor shall determine it, and the determination of the financial advisor shall be final and binding.

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Section 2. Upon the closing of the sale of the 1998 Bonds, Exhibit A, which is attached to and incorporated into this Agreement, shall be recalculated with the TIC and the debt service schedule for the 1998 Bonds.

Section 3. City will remit to and release the estimated payment amount (Equalization Payment) on the attached Exhibit A in its NCPA General Operating Reserve account by June 20, 1998. NCPA is authorized to pay these funds into the bond sale. After pricing the bond sale, the parties to this agreement will finalize the payment among using the procedure of Section 1. If the estimated funds are too small, an additional payment shall be paid by City. Such payment will be made within 30 days of billing by the Agency. If the estimated payment is too large, the remaining amount will be held in the NCPA General Operating Reserve account for the use of withdrawal by City

Section 4. This Agreement shall become effective on the date it is fully executed and shall terminate on the termination of the Layoff Agreement. A copy of this Agreement shall be delivered to the Agency and shall be regarded by the Agency as the directions of the parties with regard to the subject matter of this Agreement.

WHEREFORE, the parties represent to each other that this Agreement has been made and entered into with all requisite corporate and official action, effective as of the last date shown below, by the signatures of their duly authorized representatives.

**TURLOCK IRRIGATION DISTRICT:**

\_\_\_\_\_

\_\_\_\_\_  
Date

**CITY OF LODI:**

\_\_\_\_\_  
H. Dixon Flynn, City Manager

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
Alice M. Reimche, City Clerk

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

*Randall A. Hays*  
Randall A. Hays, City Attorney

5-27-98  
Date

RESOLUTION NO. 98-80

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING  
LAYOFF EQUALIZATION AGREEMENT BY AND BETWEEN THE  
CITY OF LODI AND TURLOCK IRRIGATION DISTRICT IN  
SUPPORT OF THE 1998 HYDROELECTRIC AND GEOTHERMAL  
REVENUE REFUNDING BONDS OF THE NORTHERN  
CALIFORNIA POWER AGENCY (NCPA), AND AUTHORIZING THE  
CITY MANAGER TO EXECUTE THE AGREEMENT

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BE IT RESOLVED, that the Lodi City Council hereby approves the Layoff Equalization Agreement by and Between the City of Lodi and Turlock Irrigation District in Support of the 1998 Hydroelectric and Geothermal Revenue Refunding Bonds of the Northern California Power Agency (NCPA); and

BE IT FURTHER RESOLVED, that the City Council hereby authorizes the City Manager to execute the Agreement by and between the City of Lodi and Turlock Irrigation District on behalf of the City of Lodi.

Dated: June 3, 1998

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I hereby certify that Resolution No. 98-80 was passed and adopted by the Lodi City Council in a regular meeting held June 3, 1998 by the following vote:

AYES: COUNCIL MEMBERS - Johnson, Land, Mann, Pennino and  
Sieglock (Mayor)

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None

  
ALICE M. REIMCHE  
City Clerk